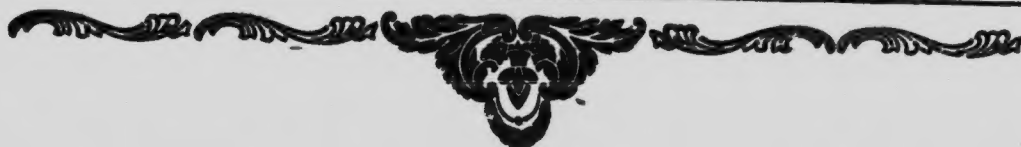




PREFERENTIAL TRADE

Steps by the Liberal Government since 1897
have been the most effective that could
have been taken to promote reciprocal
trade arrangements between Canada and
Britain.



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PREFERENTIAL TRADE.

On the 15th day of May, 1903, in a speech delivered at Birmingham, England, the Right Hon. Joseph Chamberlain, Colonial Secretary, made a new departure in British politics by openly advocating reciprocal preferential trade between Great Britain and her colonies. This speech was the combination of a series of events which have taken place since 1897, and in order to understand the question it is necessary to briefly recapitulate these events.

In 1897 the Canadian Parliament passed what was known as the preferential tariff. The effect of this legislation was to give a preference beginning at 12 1-2 per cent., and increasing in a year to 25 per cent., in respect of the duty upon importations coming from any country which treated Canada as liberally in tariff matters as Canada treated such country. This preference was shortly afterwards confined to Great Britain and her colonies and was increased from 25 to 33 1-3 per cent.

In the general election of 1900 Sir Charles Tupper, and the Conservative party, attacked the action of the Government very bitterly upon the ground that this preference should not have been given to Great Britain without an equivalent preference or advantage having been given to Canada by Great Britain. It was said that before giving the preference we should have made a bargain with Great Britain to get something equivalent in return. The answer made to this proposition was that Great Britain would not have been in a position at that time to give us anything in return in the way of tariff preferences. Great Britain had been for many years a free trade country, and no proposition had ever been assented to by the people of Great Britain which would authorize her Government to make any preferential tariff arrangement with Canada. It was thought that the best, and in fact the only, way of bringing about a favorable consideration of Canada's desire for a preferential tariff was to give effect to a preference in favor of Great Britain in Canadian markets without making any stipulation as to what should be done in return, trusting to the British Government and people to take the subject up, and consider it seriously at the earliest practicable moment.

Matters went on until the Colonial Conference of 1902, held in London at the time of the Coronation. In the meantime the British Government had put a small tax upon wheat. When the Colonial Conference took place, the Canadian Ministers who took part in it proposed that inasmuch as Great Britain had departed from the policy of free trade to the extent of putting a small duty upon wheat, she should, in return for the Canadian preference of 33 1-3 per cent., remit the wheat duty as against Canadian wheat, so that while wheat from foreign countries would pay the duty going into England, Canadian wheat would go in free.

The ground taken in answer to this suggestion by the British Government was that the preference of 33 1-3 per cent. given by Canada to British manufacturers still left the Canadian duty so high as to be virtually prohibitive, so that it was held that the Canadian preference was of little substantial value to British manufacturers. The Canadian Ministers cited the statistics of importations to show that such was not the case, but that British trade with Canada had been favorably affected by the preference in a very substantial degree. Further than that, the Canadian Ministers stated that if the wheat duty were remitted upon Canadian wheat, they were prepared to give a further preference in regard to certain classes of goods which are at the present time largely imported into Canada from foreign countries, but which could be brought from England if the tariff were arranged in a manner more favorable to British interests.

Notwithstanding these proposals the British Government declined to remit the duty on wheat in favor of Canada.

Although there was no apparent result from the conference which took place at that time, the discussion has borne fruit during the last year, and it is not too much to say that the proposals which have now been made by Mr. Chamberlain are the results of the action taken by Canada in 1897, and the further discussions which have taken place since that time with reference to the Canadian tariff. In fact the Canadian preferential tariff inaugurated the actual operation of preferential tariffs within the Empire. The Canadian example has been to some extent followed by the South African Customs Union, and the advantages of preferential tariffs are now well recognized.

Mr. Chamberlain has conceived the subject of preferential tariffs within the Empire to be of such importance that he has resigned from the British Government for the purpose of undertaking the task of convincing the British people of the wisdom of adopting his policy, and it may safely be said that there is no question which is agitating the minds of the electors of the United Kingdom so much at the present time, as the adoption of the policy which Mr. Chamberlain has proposed. Canada has no right to interpose any opinion, or to take any part in a subject which is one for the consideration of the people of Great Britain, as it affects themselves. It remains for the people of Great Britain to settle the question, and decide for themselves, whether they will adopt the preferential system or not. If they decide in favor of such policy, then it will remain for Great Britain and Canada to enter into negotiations, and settle the manner in which the policy can best be carried out so far as Canada is concerned. That is the status of the question at the present time. It is the opinion of all impartial observers that the policy of preferential trading within the Empire has made tremendous progress in the minds of British people within the last three years, and it is beyond dispute that the results thus attained have been the direct result of the policy which has been followed by the Canadian Government.

It appears perfectly clear, therefore, that no steps could have been taken by Canada which would more effectually promote reciprocal preferential trade between Canada and Great Britain, than the steps which have been taken since 1897.



